

Appendix 1: Bus Franchising Background

1. In Wales, around 190,000 journeys are made on buses every day. Three quarters of journeys on public transport are made by bus. It is an essential service for the 19.4% of Welsh households who do not have a car.
2. At the moment, it is believed that the Welsh bus network is not realising its potential and that there are difficulties involved in traveling by bus which can keep people from travelling on them at all. Those barriers include:
 - unreliable services
 - unable to use tickets on other operators' buses
 - information is difficult to obtain and rely on
 - uncoordinated services and lack of integration with other modes of travel.
3. The shortcomings of the current bus network are rooted in wider systemic problems including deregulation, pro-car planning policy and the pandemic, which changed how and how much people travel.
4. In March 2022, the Welsh Government published a White Paper entitled *One Network, One Timetable, One Ticket*. It describes the proposals to transform bus services. 96.1% of the respondents agreed that change is needed in order to provide bus services that meet the needs of the people of Wales and which respond to the climate crisis.
5. The current deregulation system allows operators to run bus services for commercial gain. That leaves local authorities to be responsible for funding and providing bus services, which are necessary for the welfare of society. The system as it is, makes it difficult to bring together necessary commercial and social bus services in a way that puts the customer at the centre of the bus network.
6. Under the bus reform regime, local authorities, Joint Incorporated Committees, bus operators, Transport for Wales and the Welsh Government will all work together to design better bus networks and services, mainly through franchising. With the funding available, priority will be given to services that best meet the needs of people and communities. The hope is that this change will be good for the people of Wales, meeting local and regional needs at the same time and recognising differences.
7. The transport sector is responsible for a high proportion of Wales' carbon emissions. Very little progress has been made to reduce carbon emissions compared to other sectors. The belief is that, in order to reduce carbon emissions, it is necessary to encourage people to change the way they travel. So-called 'modal shift' means changing from one mode of transport to another. Buses are a greener form of travel and they are key to reducing people's reliance on cars.

8. *Llwybr Newydd: Wales Transport Strategy 2021*, sets ambitious targets for increasing the use of sustainable means of travel. Transport for Wales' objective is to reduce the number of miles travelled per person by car by 10% by 2030 and to increase the proportion of journeys made on public transport and active travel to 45% by 2040. In addition, the Well-being of Future Generations (Wales) Act 2015 places a legal obligation on public bodies in Wales to improve the social, economic, environmental and cultural well-being of Wales. Improving public transport is an essential part of the seven well-being goals outlined in the Well-being of Future Generations (Wales) Act:
 - A prosperous Wales
 - A resilient Wales
 - A healthier Wales
 - A more equal Wales
 - A Wales of more cohesive communities
 - A Wales with a vibrant culture where the Welsh language flourishes
 - A globally responsible Wales
9. The bus industry in Wales was deregulated when the Transport Act 1985 was introduced. The Act's was to create a competitive and free market, where an operator would be allowed to run any services that they thought could make a profit, namely after registering and meeting safety and operating requirements.
10. Currently in Wales, there are over 60 operators running local bus services. Around 20 operators provide other transport services that run under a taxi permit or licence. Anglesey's local bus services are currently operated by 6 operators, 5 of which are SMEs.
11. Even before the pandemic, significant public money was being spent to maintain bus services in Wales. Yet, the number of bus passengers, the number of bus routes and the number of buses on the road continues to fall. Since the pandemic, fewer people have been travelling by bus. Before the pandemic, in 2019/20, 92 million journeys were made on local buses in Wales. But in 2023/24, 72 million journeys were made on local buses, a 22.4% reduction in bus travel since before the pandemic. The bus industry has seen its income fall and some bus operators have struggled to maintain a profitable service as the costs of buying and running buses have risen significantly. These challenges are more evident in rural areas, where consumption levels are lower, which makes providing and maintaining a financially sustainable service very difficult.
12. In order to attract more people to use buses, it is hoped to build a simpler bus network. By offering a wider range of journeys, and providing more reliable and more frequent services and, thus, longer operating hours.
13. There are three objectives for the new bus system, which, when combined, will support the ambition in terms of modal change:
 - A bus network that is connected to the rest of the public transport network in Wales and is easy to use (One Network)

- Coherent timetables that are easy to use and which allow connections across Welsh public transport (One Timetable)
- A simpler ticketing system in order to be able to travel across the public transport network in Wales with affordable and consistent prices (One Ticket).